provide these services in the most efficient manner? For example, what are the technological differences between Purple's P3 software and Skype's products (both of which enable point-to-point video communications)? How important are economies of scale for video communication service? What obstacles are there for new entrants or innovation in video communication service?

- The questions posed in this section require significant amounts of information and data that the Companies do not have in order to sufficiently address.
- The Companies suggest that these questions are best to be considered by the proposed committee of consumers and providers.

51. *Videophone equipment.* What is the cost structure of the videophone equipment market? How large is the non-VRS videophone equipment market and how does it intersect with the VRS specific videophone equipment market? What technological innovations or market developments would be needed for mobile VRS to become available and economically viable? What obstacles are there for new entrants or innovation in the market for videophone equipment? How can we reduce the cost of videophone equipment?

    - The questions posed in this section require significant amounts of information and data that the Companies do not have in order to sufficiently address.
    - The Companies suggest that these questions are best to be considered by the proposed committee of consumers and providers.

52. We are also interested in the relationship among the three components. What are the advantages and disadvantages of a single entity providing relay service and videophone equipment? What are the advantages and disadvantages of the two components being offered independently from each other? For example, what if any economies of scope does a provider gain by supplying both of these

components? To what extent does the provision of one component enable the provider to leverage its market position in the markets for the other component? To what extent do market participants (of any or both of the two components) rely on common or proprietary standards for services or equipment? How can we increase sufficient competition among providers in each component? How can the components be most efficiently coupled (or uncoupled) to provide the necessary service for eligible users?

- The Companies have previously discussed the majority of these questions and provided support for the concept of separating the costs of these components out. This should not preclude the coupling of services as long as industry-wide standards are adhered to.

4. The Regulation of Video Relay Service

53. In this section, we seek to understand how the Commission's regulations, including the current regime for compensating VRS providers, have affected the structure of the market and demands on the Interstate TRS Fund. As an initial matter, we recognize the statutory importance of VRS, along with our obligation to "ensure that interstate and intrastate [TRS] are available, to the extent possible and in the most efficient manner," to Americans who are deaf, hard of hearing and speech disabled. As in other areas of the NOI, we explore in this section possible approaches to better deliver a service that has become essential to its user community while also ensuring that this be done as efficiently as possible.

54. *Paying for VRS Today.* The Commission established the Interstate TRS Fund to compensate carriers only for the costs that an interstate relay call incurs beyond those that a non-relay interstate call would incur. Today, multiple VRS providers compete to provide services to users.

55. Under current rules, VRS providers may not charge users for their relay interpreter services and have limited ability to charge users for other aspects of the service they provide. Instead, VRS providers recoup the vast majority of their costs from the Interstate TRS Fund. Our rules require these providers to submit to the administrator of the fund each month's VRS minutes of use, VRS operating expenses, VRS investment, and any other historical or projected costs or usage data that the administrator reasonably requests. The Interstate TRS Fund administrator aggregates this data and reports the projected usage and costs to the Commission so that the Commission can establish appropriate compensation rates each year.

56. The Interstate TRS Fund compensates VRS providers using an industry-wide per-minute rate each year. The current compensation rate was established in 2007 based on the projected average costs and minutes of use for all of the VRS providers, was discounted for larger providers to reflect their economies of scale, and has been discounted each year since then to reflect a 0.5% productivity gain. Because this industry-wide per-minute compensation rate does not vary with each provider's costs but instead with a pre-established productivity factor, VRS providers' primary incentive is to increase the number of minutes of VRS used while maintaining control of their costs.

57. For certain VRS-related expenses, the Interstate TRS Fund compensates VRS providers based on the additional costs each individual provider incurs in providing the service. The Interstate TRS Fund does not, however, compensate VRS providers for all of the costs they might incur in providing their service offering. For example, the Commission did not authorize the Interstate TRS Fund to compensate VRS providers for assigning ten-digit numbers to registered users or for providing number portability, because voice telephone users generally bear these costs. In addition, the Interstate TRS

Fund does not compensate VRS providers for the costs of providing point-to-point video service because such service does not involve a CA and is not a form of TRS.

58. The Commission has to date declined to directly compensate VRS providers for any videophone equipment. The Commission has analogized videophone equipment to consumer premises equipment and has treated "expenses for customer premises equipment—whether for the equipment itself, equipment distribution, or installation of the equipment or any necessary software"—as the user's cost of receiving service and hence not compensable by the Interstate TRS Fund. Accordingly, some VRS providers sell videophone equipment to their registered users for a fee. In contrast, other VRS providers offer free videophones or video software to their registered users, absorbing the cost.

59. We seek comment on the existing TRS reimbursement structure and on other aspects of our regulation of VRS. What aspects of this structure have led to the explosive growth of the Interstate TRS Fund from $61 million in 2002 to over $900 million in 2009? What changes would make the VRS compensation scheme more effective, more efficient, and sustainable in the long-term? Is the structure of our compensation scheme, for example paying VRS providers for both fixed and variable costs of VRS based on the number of minutes of use, inefficient? Does it create incentives for fraud and abuse that threaten the program's sustainability?

    - The Companies believe that the growth of the Interstate TRS fund is far less related to the compensation structure currently in effect than it is to the successful efforts of the Commission, NECA and TRS providers to provide functionally equivalent communication services to the deaf and hard of hearing community. The fund's growth is a reflection of the market's adoption of VRS.

- The Companies note that the issues raised in the process of regulating VRS are not new; the relevant factors involved are largely similar to those raised in the provision of text-based relay. In formulating and reviewing its regulatory scheme, Commission should ensure that all of the necessary components for providing access to telecommunications (Videophone Equipment, Video Communications Service and Relay Interpreting Service – VRS) are addressed and ensure that there exists a reasonable compensation model that allows in some regard for the compensation of each of these factors.
- In determining what is compensable and in what manner it is to be compensated, Commission must recognize the value of the services being provided to the deaf and hard of hearing community, and realize that while the associated cost may seem significant, the program provides countless economic and non-economic benefits to the consumers it serves and society in general. These benefits are the purpose for which the fund and the program were created, far outweigh the associated costs and will continue to do so for the foreseeable future.
    - Since the introduction of the VRS program, and a result of the expenditures made by way of the TRS fund, Deaf, hard-of-hearing and speech-impaired consumers have unprecedented access to the rest of society. As a result Deaf, hard-of-hearing and speech-impaired consumers have begun to realize substantial economic gains that come with newly opened opportunities for employment and advancement. This is a process that is just beginning, and which will continue to have significant benefits to the direct consumers and society as a whole that far outweigh the direct associated costs.

- In addition, businesses of all kinds have greatly improved efficiency in serving their Deaf, hard-of-hearing and speech impaired consumers, yielding decreased costs and increased, while at the same time providing better service to the consumers for whose direct benefit the fund was established.

- The Companies would support a significant overhaul of the current compensation scheme that recognizes all of the components necessary for providing telecommunications access to deaf, hard-of-hearing and speech impaired consumers is essential and needs to examine all possibilities for ensuring that providers of the various components can be fairly compensated for those services. The Companies further believe that such a scheme should be established as a result of discussion and collaboration between the Commission, NECA, certified and pending providers of VRS and the community that the program serves. An active working group comprising all of these constituencies should be established for this purpose.

60. *The Principle of Cost-Causation.* We seek comment on whether the cost-recovery aspects of our current VRS regulations may distort the incentives of VRS providers and, in turn, may affect the expectations of users. The Commission has long recognized that economic efficiency in a competitive market requires cost-recovery methods to reflect cost-causation principles so long as those principles do not conflict with other statutory obligations. Cost-causation principles thus counsel that regulators should seek to align the recovery of costs with the way they are incurred. When a cost causer does not internalize all the costs it causes, the incentives of both providers and users may be distorted.

61. We are concerned that our VRS compensation rules may have created such economic distortions. How, if at all, has the compensation methodology distorted the components of VRS communications?

To reduce these distortions in the market for long-distance services, the Commission has changed the cost-recovery methodology so that most non–traffic-sensitive costs are recovered through "fixed, flat-rated fees." Would a similar solution work to correct distortions in the market for VRS? What would that solution look like?

- The Companies have no comment with regard to this issue.

62. To better understand how our regulations affect the incentives of VRS providers, we seek comment below on alternative regulatory regimes for VRS communications with an eye towards making the VRS program more effective, efficient, and sustainable.

- Please see the Companies' responses to the following section.

5. The Incentives of Providers

63. The Commission wants to ensure not only that the VRS program is available and fully responsive to the needs of people with hearing and speech disabilities, but also that the use of VRS is driven by real demand, not artificial stimulation. What measures should the Commission take to better realize the goal of reimbursing VRS providers for the costs of providing relay service, to ensure that VRS providers have incentives to provide and promote use of VRS, without creating incentives for VRS providers to encourage high-volume use that VRS users would otherwise not incur? We are particularly interested in knowing: (1) How can we encourage competition that would reduce the costs of VRS? (2) How can we channel the efforts of VRS providers to foster innovation and improve services for VRS users? (3) What data or analyses are particularly important for us to understand in choosing how to restructure the VRS market to improve its efficiency and effectiveness? (4) If the Commission decides to modify either what constitutes VRS or the regulation of VRS, how should the Commission structure the transition to avoid service disruptions? (5) What institutional oversight is

required at the federal and state level, and how extensive must that oversight be to combat waste, fraud, and abuse?

- To understand the forces behind the current cost model it is necessary to understand what the drivers are that control providers costs. One of the largest components is interpreter expense. Providers are mandated to maintain a low ASA which necessitates creating scheduling and results in instances when excess interpreters are scheduled. The provider has to bear this expense.
- We should encourage competition by allowing providers to be reimbursed in part or total for innovation that can be demonstrated to reduce cost, improve service or enhance the consumer experience.
- ASA, Total call Session minutes and total call Conversation minutes are important data for us to understand when looking at restructuring the VRS market. ASA will be an indicator of the effectiveness of the providers scheduling. Long ASA means that they provider is understaffed, continual short ASA means that the provider is overstaffing. Determining the actual consumer acceptability of slightly longer ASA could result in a provider reducing staffing which would result in less expense. Another indicator is where there are long Session minutes compared to Conversation Minutes. This could point to either ineffective processes, system issues, or the need for more interpreter training. Reducing Session minutes in relation to Conversation minutes would reduce overall provider expense.
- There are too many variables to consider related to any possible transition to provide a single answer. The question points out the need for clarity on the part of the

Commission and a plan that is put together in cooperation with the industry providers to assure that there minimal impact to the service.

- The enhanced review process recently instituted within NECA is a step in the right direction. Further, more direct financial audits of certain providers could be another step toward mitigating waste, fraud and abuse.

64. *Choice of VRS Provider.* Many states now choose their intrastate TRS providers through government contracts. Comments received by the Commission in response to a 2006 NPRM opposed using a similar competitive bidding model for the VRS market. Specifically, parties expressed concerns that competitive bidding in the states has sometimes resulted in the selection of a bidder with a lower quality of service. If the Commission decided to use competitive bids to award VRS contracts to a single provider or a limited number of providers, are there ways to ensure that consumers would still be able to receive functionally equivalent service? Or would eliminating choice among multiple providers create a disservice to consumers? Could competitive bidding or a single contract model work for certain components of VRS communications, such as the relay interpreter component? If the contract were to compensate only relay interpreter services, how would that affect the other components of the VRS market? If such a contract were to be awarded, how should the contract pay the winning bidder (*e.g.*, using a flat, fixed fee for service, a per-minute compensation rate, a per-user compensation rate, or some other method)?

    - Eliminating choice among multiple providers would do a disservice to consumers. There is no valid reason to limit the number of companies providing VRS. The market itself will determine the number of providers that can survive. A competitive market ensures choice for the deaf consumer and will keep the market strong, while creating downward

price pressure on providers. A competitive market also helps innovation since providers will look at many innovative enhancements to acquire a larger market share.

- The significant gains that have been made in quality of technology and in the lowering of the per-minute cost of providing VRS are a result of the competitive market forces and would be jeopardized in a system of contracting out to one or a limited number of providers.

65. *Rate-of-Return Regulation.* Could rate-of-return regulation be a solution? Although VRS providers must now report their individual costs to the Interstate TRS Fund, they need not separate out, for example, the costs of providing point-to-point video service from the costs of providing VRS. And a VRS provider's own costs do not exclusively determine its compensation; instead the Commission has relied on industry-wide costs to determine compensation levels. Would rate-of-return regulation effectively deter fraud or decrease the cost to the Fund? Would rate-of-return regulation reduce or eliminate existing incentives for VRS providers to contain costs? How would such regulation affect the effectiveness of the VRS program at reaching out to un-served eligible users?

    - The Companies are against a rate-of-return regulation.

66. *Modified Price-Cap Regulation.* Could a modified price-cap compensation system work either on an individual-provider or industry-wide basis? An individual-provider price-cap system would freeze each VRS provider's per-minute or per-user revenues (or costs) at existing rates and then adjust those rates each year to account for inflation and productivity growth. An industry-wide price-cap system would make the same calculations but would use industry-wide data in establishing an industry-wide per-minute or per-user rate. If the Commission adopted a price-cap compensation system, should it do so on an individual-provider or an industry-wide basis? On what data should the Commission premise

the efficiency factor that reduces the cap to reflect presumed productivity growth? Should compensation remain on a per minute-of-use basis or would compensating for registered users better align the incentives of VRS providers? Would some combination of the two work, such as allocating the recovery of usage-sensitive relay interpreter service costs to per-minute rates and allocating all other costs, including the fixed costs of relay interpreter service, to per-user rates? Would such a combination be economically efficient? Would it be administrable? Rather than relying on VRS providers' historical average costs, should the Commission establish a price-cap system using a forward-looking cost proxy model? If so, what data would the Commission need in order to establish a rigorous model and how often should the Commission update the results of that model?

- The Companies are against a modified price-cap compensation method

67. *Forward-Looking Cost Model Support.* Could the Commission develop a model to approximate the costs of an efficient VRS provider and compensate actual providers on that basis? In the long run, forward-looking economic cost better approximates the costs that would be incurred by an efficient VRS provider than the embedded costs of current incumbents. How could the Commission develop a model of the forward-looking costs of a VRS provider? Should that model encompass all three components of VRS communications or would separate models be necessary for relay-interpreter service providers (a labor-intensive business), videophone equipment providers (a capital-intensive business), and video communication service providers? What data would be necessary to construct a forward-looking cost model? Assuming the Commission creates an appropriate model, how should support be determined? On a per-minute basis? On a per-user basis? Should the Interstate TRS Fund pay all the forward-looking costs of VRS providers, or only those above and beyond those a hearing party would pay for voice service? Should the model account for economies of scale, and (if so) how?

- It should not be the responsibility of the Commission to develop an economic model for VRS then compensate providers accordingly. The providers, who are experienced in running day-to-day VRS business activities, know best how to reduce expenses where possible.

68. *Reverse Auctions*. In a reverse auction, interested parties bid to provide a supported service; the winner of a reverse auction is the qualified bidder (or bidders) that submitted the lowest bid (or bids). Reverse auctions allow market signals to supplement, or even replace, cost estimates made from either historical cost accounting data or forward-looking cost models. Could the Commission hold reverse auctions to designate a fixed number of eligible VRS providers for a set period of time? How could we structure those auctions to promote the effectiveness and efficiency of the program without sacrificing sustainability and quality of service? One possibility is that the Commission could hold reverse auctions to determine the lowest cost providers of VRS, which would be wholly supported by the Interstate TRS Fund, and separate that component of the market from the provision of equipment and underlying point-to-point video communication services. Would such a system be economically efficient? How could we structure the reverse auctions to be most efficient? How frequently should the Commission hold reverse auctions? If held every few years, would the stability of long-term contracts outweigh the potential for innovative cost-cutting? Could reverse auctions for VRS be held in real time in a manner that would promote constant competition while also ensuring compliance with the needs of VRS users?

- Reverse auctions eliminate choice among providers and do a disservice to consumers. There is no valid reason to limit the number of companies providing VRS. The market itself will determine the number of providers that can survive. A competitive market

ensures choice for the deaf consumer and will keep the market strong, while creating downward price pressure on providers. A competitive market also helps innovation since providers will look at many innovative enhancements to acquire a larger market share.

69. *Structural Safeguards.* We seek comment on whether structural and accounting safeguards might be effective at encouraging efficiency in the VRS market. Would requiring structural separation between the participants in the videophone equipment, video communication service, and relay interpreter service components of the market improve competition? If the Commission required such structural separation, how should it compensate participants in each of the components (if at all)? If the Commission required structural separation, how could we best promote competition in each of the three components of the market? Should the relay interpreter services component of VRS be treated as common-carrier services that could be purchased at tariffed rates by any video communication service provider on behalf of their registered users?

    - The Companies are not in favor of separation of equipment, video providers and interpreter service components. This essentially takes apart companies that today are functioning well.
    - The Companies recommend that the costs for each of these components be separated out to gain a better understanding of the financial impact of each area on the fund.
    - The concerns are best addressed through the establishment of industry-wide standards for equipment.

70. *Jurisdictional Separations.* The Commission has thus far treated all VRS calls as interstate calls paid for by the Interstate TRS Fund. Has this treatment helped or harmed the effectiveness, efficiency, and

sustainability of the VRS program? We seek input on intrastate TRS programs. How does usage of traditional, intrastate TRS compare with usage of VRS in terms of both number of users and minutes of use? What differences between state programs and the federal VRS program could account for differences in effectiveness, efficiency, or sustainability? Has the dual-allocation of authority over traditional TRS increased oversight of providers because the Commission and the states are both responsible for monitoring and paying for service? Could that dual-allocation of authority work with the VRS program, and if so, how? States currently contribute a portion of the funding to support 800 and 900 number telephone calls made over TRS. If a certain percentage of VRS calls are intrastate, should states be required to compensate a portion of the funding needed to sustain the VRS program?

- The Companies believe that treating all calls as Interstate calls has not harmed the effectiveness, efficiency and sustainability of the VRS program.

6. The Incentives and Needs of VRS Users

71. We seek comment in this section on how to better align the incentives of VRS users with cost-causation principles. As a matter of public policy, the Commission must ensure that federal subsidies are justified and legitimate, because TRS subsidies ultimately are borne by all telecommunications subscribers. In doing so, we must keep in mind the statutory requirement that TRS users "pay rates no greater than the rates paid for functionally equivalent voice communications services." We thus first seek input on how to ensure that the Commission properly identifies functionally equivalent voice services and rates. We then seek comment on how to structure any federal subsidies to ensure that VRS providers meet the needs of VRS users without over-compensating VRS providers.

- The Companies believe that questions and information regarding the incentives and needs of VRS consumers are best addressed by VRS consumers themselves and consumer advocacy groups.
- Based upon the information gleaned from the responses to this NOI from VRS consumers and consumer advocacy groups, the Commission should be able to narrow the scope of the questions raised in this section, and then seek directly input from the industry as well as the providers of mainstream technologies (such as Skype, Oovoo and iChat) available in the market to gather as much information as possible in order to construct a well-informed, forward thinking plan with regard to such technologies.

72. *Analogous Service and Rates.* To ensure that VRS users do not pay rates higher than the rates for "functionally equivalent" voice services, we need to identify such functionally equivalent services. What voice communications services are most functionally analogous to VRS and point-to-point video communication service? Once we identify the functionally equivalent services, how can the Commission determine the extent to which VRS users are paying rates that are no greater (or less) than those paid by voice telephone users? How should the Commission account for the fact that current VRS offerings require the VRS user to subscribe to and pay for broadband Internet access in order to use VRS? How should the Commission account for information services, such as voicemail or speed-dialing, which are often bundled with voice telephone service?

- The fact that current VRS offerings require the VRS consumer to subscribe to and pay for broadband Internet access in order to use VRS is no different than the situation seen by

voice service users who chose to bypass RBOCS and ILECs and instead subscribe to third party VoIP services.

73. *Videophone Equipment.* In Part I, above, we ask numerous questions concerning the current functionalities, costs, and distribution of videophone equipment. These same questions equally apply to the Commission's consideration of changes to the structure of the VRS program in the future, and are inherently intertwined with questions regarding what is the most effective, efficient, and sustainable structure. As such, we likewise seek comment on them in the context of potential changes to the structure of the VRS program.

    - The Companies have outlined a number of thoughts with regard to this. Establishing a set of standards for equipment to adhere to on an industry-wide basis will go a long way towards trimming costs and ensuring high-quality options for consumers.
    - Putting an end to control of consumers, through videophone equipment, will push all VRS providers to become more efficient in all areas as consumers will be able to exercise meaningful choice amongst providers.

74. *Individual Subsidies.* Would VRS users be better served if the Commission did not subsidize particular components of VRS communications, but instead directly subsidized the VRS needs of those individuals? The Commission's low-income program, for example, pays providers but then requires those providers to pass along the benefits to end users. Some providers offer unlimited local calling from a fixed location, whereas others offer mobile service with free long-distance but with limited number of minutes of use each month. Could a similar model work for VRS? Should it be specifically tailored to low-income persons with disabilities? Should a direct subsidy model include a

component that would offset the costs of installing a videophone? How do these questions comport with the National Broadband Plan's recommendation that the Commission consider whether to establish separate subsidy programs to fund broadband services and assistive technologies under the TRS program?

- The Companies believe this area is best addressed by consumers and looks forward to seeing responses submitted by individual consumers as well as consumer advocacy groups with regard to this.

75. *Individual Vouchers.* Should the Commission issue vouchers directly to deaf and hard-of-hearing individuals to spend on the TRS program? Would a voucher system allow TRS users to tailor their demands so that providers are more responsive to them rather than to regulators? For example, one eligible user might use a subsidy to purchase broadband Internet access service, while another might use a subsidy to purchase videophone equipment or long distance service. Is a flexible voucher like this workable and efficient? Could such an individual voucher increase the effectiveness of TRS as a whole while keeping the program sustainable? How frequently should a VRS user be entitled to receive a voucher and, if usable for the acquisition of videophone equipment, for what type and quantity of equipment?

- The Companies believe this is an issue that requires significant input from consumers and consumer advocacy groups. There have been successful and unsuccessful voucher plans in the past, thus if it is decided that this is a worthy approach it will be important to learn from these past efforts.

76. *Consumer Incentives.* The Communications Act requires that TRS users "pay rates no greater than the rates paid for functionally equivalent voice communication services []." We seek comment on

whether, if this is not already the case, the incentives for VRS use need to be aligned with the cost of providing the service in a way that makes the use of this service comparable to the use of voice communications services. For example, voice communications services often include a usage-based price component and wireless telephony packages typically include a set number of minutes the user can make each month at no additional cost; end users then pay on a per-minute basis for any overages. In that regard, we seek comment on whether the lack of usage restrictions on VRS creates any incentives for VRS use that do not exist for voice telephone use. Conversely, we recognize that VRS users must acquire broadband service to be able to use VRS, and thereby inherently incur costs that voice communication services consumers may or may not incur. Therefore, we seek comment on whether the cost of broadband service as a prerequisite for VRS use is a disincentive for potential VRS users to use VRS. If either is true, are there structures that might be put in place to align the behavior of VRS users with the behavior of voice telephone users?

- Many voice consumers have switched to unlimited calling plans for their long distance. The analogy should hold with VRS; VRS consumers should not be limited in the number of minutes they can call per month. Such a limit would in no way be functionally equivalent to the services available to all consumers.

7. Other Regulations Affecting VRS Communications

77. We seek comment here on other regulations that affect the VRS program's effectiveness, efficiency, and sustainability.

- The Companies believe that the most meaningful discussion with regard to other regulations will come in the context of all the other areas discussed previously.

78. *Registration.* We also seek input on the effect of our VRS user registration requirements on competition among VRS providers in the various components. As discussed above, VRS users must register with a VRS provider and doing so imposes certain duties on the provider in exchange for certain benefits. Although a VRS user need not use the relay interpreter services of his default provider, he must affirmatively dial-around to another VRS provider if he seeks to use their relay interpreter services. Does the link between videophone service and relay interpreter service help or hinder the development of competition in each of these potential markets? How do our registration requirements affect the various components of VRS communications?

    - The Companies find that the link between videophone service and relay interpreter service has been both helped and hindered the development of competition. This also must be taken in conjunction with video equipment. The registration process has worked effectively from the standpoint of distributing 10-digit numbers to individuals. The ability to provide additional services, such as call-forwarding, would continue to ensure that competition is based on overall quality of service and not strictly based on equipment.

79. *Additional Reporting.* VRS providers must report their costs and minutes of use today to the Interstate TRS Fund Administrator. Should the Commission impose additional reporting requirements on VRS providers, for example separately reporting each driver of the fund (number of users, compensable minutes of use per user, and estimated cost per minute of use)? At present, all providers must submit detailed call records. However, in the event there is dramatic growth in use (*e.g.*, more than a specified percentage) within a given period of time, should providers be required to provide additional

information explaining the nature and cause of such growth? If so, what information would be useful to evaluate whether the increased use is consistent with Commission rules?

- The Companies believe that the necessary information that would need to be examined is contained in the detailed call records. If there is additional helpful information than that should be considered.

80. *Other Regulations*. This Notice seeks comment on all aspects of VRS regulation, both as it is today and as it should be in the future. What future trends, new developments, or changes in industry structure can we expect in the next three to five years? How can the Commission reform the VRS program to ensure its continued effectiveness, efficiency, and sustainability over the next three to five years? What other regulations should the Commission adopt or modify now to prepare for the future?

- The Companies have no comment with regard to this issue.

C. Conclusion

The Companies would like to thank the Commission for initiating this inquiry and soliciting input from consumers and providers so as to thoroughly examine issues facing the VRS program. Doing so will result in an improved, stronger program that fulfills the promise of providing functionally equivalent telecommunications access for a long neglected segment of the community. The progress of the past eight years should be commended. The transition from text-based relay to video relay has had a truly life-changing impact upon the users of VRS that should not be diminished. From strengthening relationships through real-time conversations filled with laughter and tears to an enhanced ability to contact and deal with businesses of all sorts for both personal and professional purposes, VRS has been a great of empowerment to a group of people so often left behind. While the industry has certainly faced a number of significant challenges it remains true that there is more that is right with the VRS program than not.

The Companies look forward to actively participating in charting the next phase of VRS to ensure that the industry stays on pace with emerging technologies and continues to strive for true "functional equivalency."

The Companies submit that it is critical to ensure the significant gains in efficiency and technological advances continue to be spurred through a clear certification process, with due diligence, that ensures healthy and continued competition. Competition within the industry has played a critical role in bringing it to where it is today; increased competition through new entrants will help to bring us to where we will be tomorrow.

In order to ensure the sustainability of the VRS program, we propose beginning a comprehensive rate-setting process that puts all issues on the table, as soon as possible. The issues examined in this Notice of Inquiry with regard to funding of the program can best be answered through a thorough examination of all the costs related to providing VRS and ensure that VRS keeps pace with the rapid growth and evolution of technology. This will allow VRS providers to have a clear expectation of the rate methodology and have enough time to adjust allocation of resources well in advance of any changes to the reimbursement rates.

We also advocate that the establishment of technology standards for videophone equipment will best ensure interoperability. It will put to an end the history of control over consumers through the provisioning of equipment and allow consumers to have true freedom in choosing which VRS provider they want to use, irrespective of what equipment they choose to use. This will also allow VRS companies to more effectively use their R & D dollars. The current environment has limited the ability to incorporate many emerging technologies due to the cost of having to integrate that into dated technologies. It is time to take an objective look at the market and ensure that VRS users are able to use products that are in sync

with the mainstream. This will spur greater advancement in the types of features and functionality that consumers will have available to them and greatly reduce the costs to VRS providers of having to attempt to integrate different technologies into their platform. The Companies ask the Commission to establish a committee of consumer group representatives and VRS providers (including those with pending applications) to develop the standard based on industry and consumer consensus.

The Companies thank the Commission, once again, for the opportunity to create a stronger VRS for tomorrow.

Respectfully submitted this 18th day of August, 2010,

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